GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

MA&UD Dept – Property Tax - Chittivalasa Jute Mills Private Limited, Visakhapatnam - Allowing certain considerations to M/s Chittivalasa Jute Mills such as vacancy remission, delay condonation in making such an application and waiver of interest on the tax during the closure period and Payment of property tax in instalments – Permission Accorded to the Commissioner, Greater Visakhapatnam Municipal Corporation - Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (A2) DEPARTMENT

G.O.Rt.No.47, **Dated:20.01.2017**

Read the Following:-

1. Representation from the Chittivalsah Jute Mills Limited, Visakhapatnam, Dt.09.11.2015.
2. Govt.Memo.No.112311/A2/2015, Dt.27.01.2016
3. From the Commissioner, GVMC,Lr.Rc.No.1068/2011-AI,Dt:27.01.2016.

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ORDER:

In the reference 1st read above, the Authorities of Chittivalasa Jute Mills Private limited have stated that the operations of Chittivalsa Jute Mills have remained suspended for over 6 years due to lock out consequent an illegal strike by a section of workers and the mill had also been in serious litigation for the last three years as another entity claimed rights on the shares of the company and it is heartening that the issue has been resolved fully through the help of the Mediation of Hon'ble Delhi High Court on 17.07.2015 enabling the management to take effective steps for reopening of the mill. It is one of the oldest and most reputed Jute Mill of Andhra Pradesh. While in operations, the mill enjoyed excellent reputation with the State Government authorities and never failed in its obligation to make timely compliances to all departments including payment of taxes etc. During the closure period of 6 years the management of the company was severely affected as officers left the company and important business activities such as preparation of accounts, filing of returns, representation before tax other authorities etc., were also hampered. Under the circumstances rehabilitation of the company can take place only with the total support and co operation of all the concerned and the management is committed to resolve all the issues at the earliest. One of the area which needs to be resolved is the demand from the Property Tax Department. They have received outstanding statement of Rs.5.25 Crores from the department wherein current dues are determined at Rs.34.21 lacks(half year) and the department had determined the liability for March 2011(half year at 6.46 lacs and there has not been any addition to the property of the mills. As the mill has remained closed since April, 2009, the tax rates have multiplied several times since 2009 and in view of difficult financial position and in the interest of rehabilitation of the mills, they have requested the Govt., to extend vacancy remission, to condone the delay in making the request for discount on tax rate and for waiver of all penalty and interest. Once all the three facilities have been extended and liability has been worked out afresh, they requested to allow for payment of property tax dues as scheduled below;

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a) in view of the stressed financial position of the company and to facilitate rehabilitation of the mills, a moratorium of two years may be granted to the company from the date of approval of request.
b) To allow the company to pay the principal amount determined in three equal annual instalments after moratorium of two years, and
c) No interest to accrue on payment of principal amount during this period.

2. In the reference 3rd read above, the Commissioner, Greater Visakhapatnam Municipal Corporation has stated that the Chittivalasa Jute Mills Private Limited, which is located at Chittivalasa Village, Bheemunipatnam is having 85 acres of land with different structures and the Bheemunipatnam Municipal Authorities fixed property tax to a tune o f Rs. 34.22 lakhs per half year comprising of 82 property tax assessments. During the year 2009 due to inadequate power supply, certain working arrangements have been made by the Jute Mill Authorities by rearranging the shifts of the workers. The unions of Jute Mills have represented the management, stating that reducing the shifts without reasonable time is not fair and requested the management for discussion on the issue. Several meetings were held with the management and union have not yielded fruitful result, as such the management have declared lockout and closed the mill in the year 2009. Since the operations of Chittivalasa Jute Mills have remain suspended from 2009 onwards, the Property Tax of the Jute Mills have not been paid and an amount of Rs. 5.60 Crores have accumulated as due for the period from 2009-10 to 2015-16.

3. The Commissioner, Greater Visakhapatnam Municipal Corporation, has also stated that the Commissioner, Bheemunipatnam Municipality put several efforts to realize the property tax arrears duly issuing distress notices and filing STC case in local court but the efforts not yield any positive result. Further, the Chittivalasa Jute Mill Authorities in their representation dated 9th November 2015 have informed that they would like to reopen the mill for which the support and co -operation of the Government is required with certain considerations. Regarding the property tax arrears, the management has requested for certain considerations for clearance of arrears such as vacancy remission, waiver of interest, moratorium for 2 years, to allow for payment of principal amount in 3 equal instalments and no interest on principal amount during the period.

4. The Commissioner, Greater Visakhapatnam Municipal Corporation, further stated that as per the provisions of the Hyderabad Municipality Act, under section 232, the refund of vacancies can be granted by the Commissioner if the person liable is given notice in this regard, and no refund shall be claimed for any period previous to the day o f the delivery of such notice. M/s Chittivalasa Jute Mill Authorities delivered notice of vacancy remission only in the year 2015 as such the Govt., may relax the notice period and may give a direction to the Commissioner, Greater Visakhapatnam Municipal Corporation, to grant vacancy remission. Even for refund of property tax under the provisions of vacancy remission, out of the total 82 Assessments of the Chittivalasa Jute Mill covering a demand of 34.22 lakhs per half year, only 48 Assessments are eligible for vacancy remission if any the existing norms, and the rest of the properties are being occupied by the employees o f the Jute mills and using the same as residential quarters. Since the arrears of Property Tax are pending since long

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time and in view of the request made by M/s Chittivalasa Jute Mills Private Limited, request made by the mill may be considered. Further with regard to waiver of interest on property tax, the powers vested with the Govt. As far as moratorium and instalments for payment of property tax, there are no specific provisions provided in the Act to take appropriate action at the ULB level. The Commissioner, Greater Visakhapatnam Municipal Corporation, has requested the Govt. to issue necessary directions on the above points for taking further necessary action in the matter as the arrears of property tax in pending since long time and in view of the request made by M/s Chittivalasa Jute Mill Private Limited.

5. Govt., have examined the issue and felt that the Jute Mill is being a labour intensive industry, provides huge employment in backward areas and they need all support from Government, in the interest of the State and its Citizens, and decided to consider the proposal of the Commissioner, Greater Visakhapatnam Municipal Corporation without allowing moratorium.

6. Accordingly, Govt. hereby permit the Commissioner, Greater Visakhapatnam Municipal Corporation, to grant vacancy remission during the period of closure as per the provisions of the Act, duly condoning the delay in making such an application and waiver of interest on the tax during the closure period and allowing instalments without allowing moratorium, as the management is willing to reopen the mill.

7. The Commissioner, Greater Visakhapatnam Municipal Corporation, shall ensure that the management shall open the Jute Mill without fail while allowing above concession.

8. This order issues with the concurrence of Finance Dept vide U.O.No.44027/ 252/2016,Dt.07.09.2016

9. The Commissioner, Greater Visakhapatnam Municipal Corporation, shall take necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALAVEN
PRINCIPAL SECRETARY TO GOVERNMENT

To:
The Commissioner, Greater Visakhapatnam Municipal Corporation. Visakhapatnam.
Copy to:-
The Director of Municipal Administration, A.P., Guntur at Gorantla.
The Chittivalasa Jute Mills Private Limited through the Commissioner, GVMC.
The PS to Prl Secy Chief Minister.
The OSD to Hon'ble M(MA)
The PS to Principal Secretary to Govt., MA & UD Department.
SF/SC.

//FORWARDED BY ORDER//

SECTION OFFICER